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IOWA UTILITIES BOARD
DEPARTMENT OF COMMERCE

September 22, 1995

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
Room 222, 1919 M Street NW
MS 1170
Washington, DC 20554

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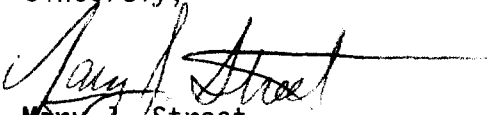
ROOM 1100

Dear Mr. Caton:

Re: Amendment of Commission's Rules and Policies to Increase
Subscribership and Usage of the Public Switched Network
Docket No| CC-95-115

Enclosed for filing in the above captioned matter are an original and five (5) copies of the "Comments of the Iowa Utilities Board." If there are any questions, please contact Mary J. Street at (515) 281-3068 8:00 AM to 5:00 PM CST. A sixth copy is also enclosed. Please stamp the sixth copy received and return it to the Iowa Utilities Board in the enclosed postage-paid envelope.

Sincerely,


Mary J. Street
Senior Analyst, Telecommunications

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)
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Amendment of Commission's)
Rules and Policies to Increase)
Subscribership and Usage of)
the Public Switched Network)

CC Docket No. 95-115

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COMMENTS OF THE IOWA UTILITIES BOARD

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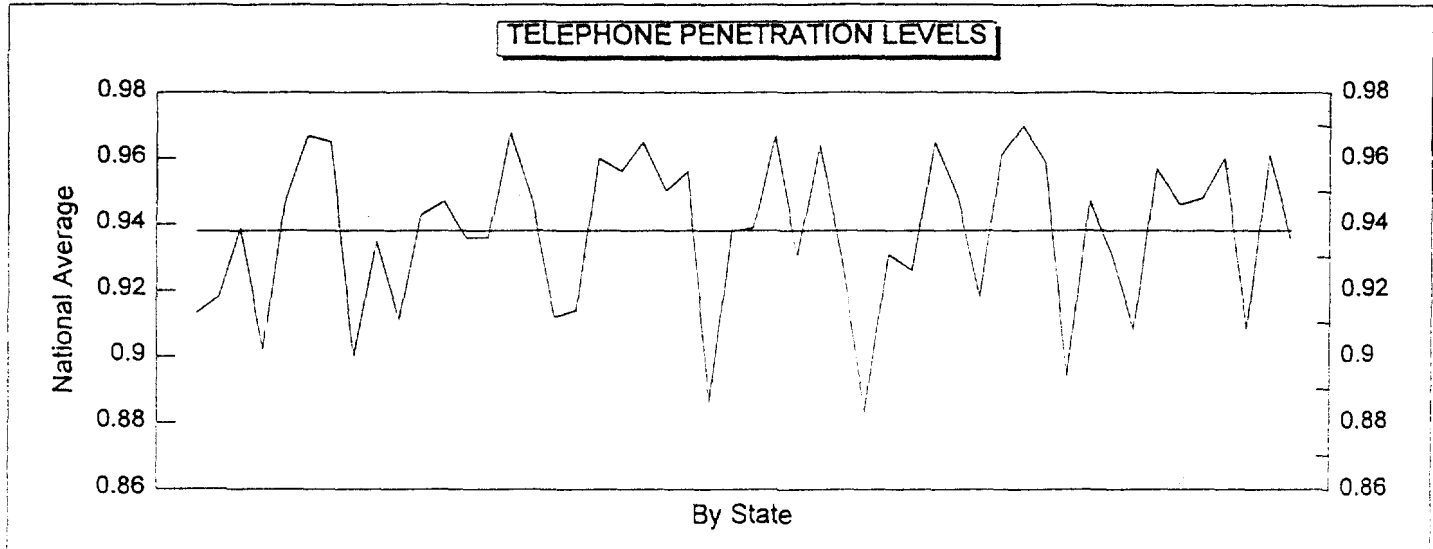
The Iowa Utilities Board (IUB) hereby submits the following comments in regard to subscribership, Notice of Proposed Rulemaking (NPRM) released July 20, 1995.

DISCUSSION

In the NPRM, the FCC expresses its continued objective to have a universal opportunity for subscribership to the public switched network. The IUB agrees with the FCC on this objective and believes the best way to accomplish this goal is for the states and the FCC to work cooperatively. The FCC could develop a set of principles, inviting the states to implement those principles relevant to each state's individual situation.

It is not an appropriate statistical correlation to direct the focus on "national" penetration rates. It is more relevant to focus on individual state penetration rates. Average national penetration rates make subscribership appear to be a national problem, when in fact it is a "particular" state issue. State penetration rates vary due to market, socio-economic, religious, and other reasons. As with any national average, an individual state's experience is dispersed around that average. Each state needs to address why its particular market produces its existing

penetration rate. After the state makes an assessment of the particular reasons for its experience, it should take appropriate measures to increase subscribership if possible. Only by looking at each state's scenario, can the country efficiently increase penetration. The chart below displays the diversity of the states telephone penetration levels.



Footnote: Monitoring Report - CC Docket No. 87-339, May 1995

As the FCC stated in its Order, many states such as California and Pennsylvania have taken measures to increase subscribership and have done so successfully. Other states, like Iowa, will be addressing universal service in the very near future. Recently passed legislation requires the IUB to develop rules for local service competition and authorizes it to consider universal service rules. A universal service proceeding would seek to preserve and extend universal service in a competitively neutral manner. The IUB will be addressing many of the concerns expressed by the FCC.

The FCC should work cooperatively with the states by: 1) developing surveys designed to determine the segments of the population which have low penetration rates and the reasons for low subscribership; and 2) developing targeted guidelines to neutralize specific deterrents to universal service. A state may then implement proposals that address the problems specific to that state.

Disconnection Restrictions

The IUB understands the FCC's rationale regarding the proposal to prohibit disconnection of local service for nonpayment of bills for long distance or other non-local or non-regulated services. However, this should not be federally mandated but suggested in principle. Regarding technical issues related to selective disconnection, the IUB is not aware of an existing technical capability of selectively blocking interstate long distance service without blocking intrastate long distance service. The FCC should not adopt rules with a mandatory prohibition until it is certain that the technical capability exists to disconnect interstate long distance without disconnection of intrastate long distance.

Free long distance blocking, or the restriction of long distance usage as measured by minutes of use or by dollar amount, may be beneficial in assisting customers in managing their total telephone bills. However, the benefit to the customers must be weighed against both the cost of developing the software program and maintaining customer data. The IUB reserves comment on restriction of long distance usage, until there is information filed in the docket regarding software programming costs.

Deposits

The IUB agrees with requiring carriers to adjust deposit requirements for low-income subscribers who agree to accept voluntary toll restriction. Usually deposits are based on toll usage, and if a customer agrees to voluntarily block toll, the deposit should be adjusted. This principle should be applied to any customer who agrees to toll restrictions.

Services Targeted to Low-Income, Highly Mobile Populations

The IUB agrees with the FCC that assistance should be extended to highly mobile, low-income telephone subscribers. The FCC should obtain information from states that have implemented programs for the highly mobile. Other states would benefit from information on whether debit cards, voice mailboxes, and central calling facilities, as suggested, could help obtain jobs, connect to the medical community, and provide other necessary uses.

To serve this segment of the population, there would be some educational costs to consider as well. Before implementing such a program, other states' experiences or a pilot program should be considered to obtain some estimate of cost and effectiveness. Measurement of telephone penetration for this population might best be obtained from social service or non-profit agencies who serve them.

The Lifeline/Link Up program should be considered in funding universal service for this segment of the population. The FCC should also consider broadening the scope of carriers that support Lifeline/Link Up. Currently these programs are funded by interexchange carriers. Because universal

service is beneficial to all telecommunications providers, the FCC should require all carriers to contribute.¹

Consumer Awareness Issues

The IUB agrees that consumer awareness and education are extremely important to make any service or program known. Current outreach efforts such as newspapers or bill stuffers are of limited effect in reaching low-income, highly mobile, or other non-subscribers. These methods seem to inform those who already subscribe. The IUB agrees that education could play an important role in assisting subscribers to both control long-distance usage and take full advantage of promotional offerings.

If the FCC expands the Lifeline/Link Up programs to include assistance targeted to the highly mobile, the cost of education should be recovered in the same manner as other expenses. As stated earlier, the IUB encourages the FCC to expand the scope of carriers that support these assistance programs to include all telecommunication carriers.

CONCLUSION

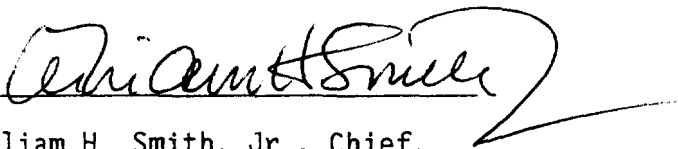
In conclusion, before the FCC implements rules, it should seek further information on: a) telephone penetration measurement; b) Lifeline/Link Up modifications; c) technological alternatives; and (d) other items mentioned. Issuing a Notice of Inquiry (NOI) may be the best method of obtaining necessary information.

¹ As a side comment, the FCC might want to consider a different title for its program other than "Lifeline". The title of Lifeline is often associated with medical needs.

Recognizing the importance of subscribership to the network, the IUB recommends:

- 1) The FCC work with the states through an NOI to obtain further information for the purpose of developing guidelines that may be implemented by states; and
- 2) Should the FCC decide to adopt rules, the IUB urges the FCC to adopt rules that can be applied to the interstate jurisdiction only and rules not pre-emptive to the states.

Respectfully submitted,

By: 

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